

FY 2011 RSC Budget Plan

May 2010

A BALANCED BUDGET

- **Balance:** The RSC budget plan will achieve surpluses in fiscal years 2019 and 2020. The RSC plan improves the budget outlook in every single year.
- **Less Debt:** The national debt declines by more than \$6.4 trillion compared to the President's budget.

TAX RELIEF

- **\$1.7 Trillion of Tax Relief Over the Next Five Years:** The RSC budget accommodates making permanent the 2001 and 2003 tax cuts, and making permanent the AMT "patch," and includes none of the tax increases proposed by President Obama or congressional Democrats.

DISCRETIONARY SPENDING POLICY

- **Returns to FY 2008 Spending Levels:** The RSC budget proposes that overall discretionary spending resources return to the FY 2008 levels that were in effect less than two years ago. Overall discretionary spending resources would be frozen at that level until the budget is balanced in 2019. Within this amount, the RSC budget assumes defense will be fully-funded (including the President's war funding requests).

MANDATORY SPENDING POLICY

- **Social Security:** Makes **NO** changes to current law. Social Security spending increases from \$612 billion in FY 2008 to \$1.2 trillion in FY 2020.
- **Medicare:** Provides spending increases equivalent to economic growth (the 1995 Contract with America budget included a similar policy). Medicare spending *increases* from \$385 billion in 2008 to \$622 billion in 2020.
- **Medicaid:** Provides spending increases equivalent to inflation (the 1995 Contract with America budget included this proposal). Medicaid spending increases from \$201 billion in FY 2008 to \$255 billion in FY 2020.
- **Wasteful, Unnecessary, or Lower-Priority Mandatory Spending:** Requires each committee to find savings equal to one percent of total mandatory spending under its jurisdiction from activities that are determined to be wasteful, unnecessary, or lower-priority.
- **Repeal Troubled Asset Relief Program (TARP):** Prohibits further obligations under the Troubled Asset Relief Program (TARP), saving taxpayers \$36 billion.

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